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In the Supreme Court of the United States

OCTOBER TERM, 1943

No. 398

HAZEL-ATLAS GLASS COMPANY, PETITIONER

v.

HARTFORD-EMPIRE COMPANY

No. 423

SHAWKEE MANUFACTURING COMPANY, GLENSHAW GLASS COMPANY, MCKEE GLASS COMPANY, GEORGE R. HAUB, PETITIONERS

v.

HARTFORD-EMPIRE COMPANY

ON WRITS OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is filed by the United States as *amicus curiae* because of the public interest in preventing abuses of the patent laws. The patent here is one of those covered by the judgment of the district court in *Hartford-Empire Co., et al. v. United States,* Nos. 7–16. The Government's

interest in the issues raised by the present controversy, however, transcends the particular patent in this case.

OPINION BELOW

The opinion of the Circuit Court of Appeals in No. 398 (R. 216) and No. 423 (R. 79) is reported in 137 F. (2d) 764.

JURISDICTION

The judgments of the circuit court of appeals were entered on June 30, 1943 (No. 398, R. 242; No. 423, R. 105). The petition for a writ of certiorari in No. 398 was filed September 29, 1943, and granted on December 13, 1944. The petition for a writ of certiorari in No. 423 was filed October 13, 1943, and granted December 13, 1943 (R. 107).

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925.

QUESTIONS PRESENTED

1. Whether after the term has expired a circuit court of appeals has power to vacate its mandate for fraud practiced upon the court.

2. Whether petitioners' lack of diligence in presenting the fraud to the court bars the present proceeding.

3. Whether the fraud practiced on the court was material to its decision in 1932.

4. Whether fraud practiced by a patentee on the Patent Office in order to obtain a patent or

on a court in order to enforce the patent is such misconduct or misuse of the patent as to require that the court deny its aid in further enforcement of the patent, even though the fraud was not essential to the issuance or the enforcement of the patent, and whenever the fraud is disclosed.

STATEMENT

Prior to 1926, respondent Hartford-Empire Company had become the assignee of a patent application filed by one Peiler, covering an alleged improvement in automatic feeders for mechanical glass-bottle blowing (No. 423, R. 81). The application found a "precarious course in the Patent Office" (No. 423, R. 81), and had been rejected on the ground that its claims were unpatentable (No. 423, R. 82). Thereupon, for the express purpose of influencing favorable consideration of the broad claims in the application (No. 398, R. 42), an attorney in Hartford's patent department, one R. F. Hatch, prepared an article alluding to the historic opposition of glass workers to mechanical glass-blowing appliances, and purporting to show the basic position and the commercial success of the Peiler device and how it had replaced the only other successful automatic feeder for glass-blowing machines. In order that the article appear to be the work of "some apparently unprejudiced authority" (No. 398, R. 42), Hatch procured the signature

of one William P. Clarke to the article, as its purported author, and caused it to be published in the "National Glass Budget," a trade journal in the industry, under the title "Introduction of Automatic Glass Machinery: How Received by Organized Labor" with the understanding, assented to by the publisher, that Hartford should not be connected with it (No. 423, R. 81). Clarke was the president of the American Flint Glass Workers' Union, was generally hostile to labor-saving machinery and hence a person who might be expected to be critical of mechanical glass-blowing appliances. The article was brought to the attention of the Patent Office by Hartford's patent counsel with special reference to the Peiler application, and a patent issued thereon in January 1928 (No. 423, R. 82).

In the same year, Hartford commenced the suit in No. 398 in the District Court for the Western District of Pennsylvania to restrain an alleged infringement of its Peiler patent by the petitioner, Hazel-Atlas Company (No. 398, R. 7). The Clarke article was not introduced in evidence, but came into the record merely as a part of the file-wrapper history of the Peiler patent in the Patent Office. The article was not used or referred to at the trial, in the briefs, or in the trial judge's opinion (No. 423, R. 81). The district court held the patent to be a slight improvement in a well-developed art and hence entitled

to a narrow construction, warranting a finding of non-infringement, 39 F. (2d) 111. Upon appeal, the Third Circuit, by a divided court, reversed and held the patent valid and infringed, 59 F. (2d) 399 (No. 398, R. 7).[1]

The Clarke article was first brought into prominence in respondent's brief before the circuit court. It was relied on heavily by that court in its consideration of the patent claims, and the opinion of the majority contains frequent references to and extensive quotations from the article (No. 423, R. 81).

At the time of the trial in the district court in 1929, Hazel had been informed by the Woods, attorneys for the Nivison-Weiskopf Company which had also been sued for alleged patent infringement by Hartford (No. 398, R. 26), that Clarke in 1926 and Hatch in 1928 had each told them that Hatch had written the article (No. 398, R. 11). After the decision of the circuit court in 1932, Hazel employed an investigator to discover further evidence of the fraud (No. 398, R. 12). The investigator obtained an affidavit from the Woods, repeating their assertion that Clarke and Hatch had admitted to each of them Hatch's authorship of the article (No. 398, R. 26, 30). Upon being interviewed by the investigator

[1] The majority opinion was rendered by Judge Buffington, with Judge Davis concurring. Judge Woolley filed a dissenting opinion.

Clarke, however, insisted that he had written the article and denied any recollection of having told the Woods anything to the contrary (No. 398, R. 22), and Maloney, another labor official whom Hatch had first asked to sponsor the article, refused to commit himself (No. 398, R. 17). Having only the Woods' statements as to what they remembered having been told in 1926 and 1928, which were, of course, hearsay, Hazel did nothing further in regard to the suspected fraud but made the best terms it could with Hartford, entering into a license agreement with them in July 1932 (No. 398, R. 12). On August 2, 1932, a decree was entered in the district court in accordance with the majority opinion of the circuit court, permanently enjoining infringement by Hazel (No. 398, R. 7).

In 1933 Hartford instituted the suit in No. 423 in the district court against respondents Shawkee Manufacturing Company and the others, to restrain alleged infringement of the Peiler patent (No. 423, R. 3). On the authority of the *Hazel* case, the district court granted a preliminary injunction from which the defendant immediately appealed (No. 423, R. 3). The appeal was argued in October 1933 before the same court which had disposed of Hartford's appeal in the *Hazel* case (No. 423, R. 85). While the appeal was under advisement, counsel for Shawkee wrote to Judge Buffington submitting copies of certain papers said

to show that the Clarke article was printed at Hartford's instigation through Hatch (No. 423, R. 69). The court made no reference in its opinion to the fraud charges, and held that the decision in the *Hazel* case fully disposed of the matters involved. Judge Woolley, who had dissented in the *Hazel* case, concurred in the opinion in the *Shawkee* case, regarding himself bound by the earlier decision. Subsequently, a permanent injunction was issued against Shawkee and the others (No. 423, R. 5).

In the summer of 1941, at the trial of the anti-trust proceedings against Hartford, now before this Court in *Hartford-Empire Co., et al.* v. *United States,* Nos. 7–16, it was proved for the first time from documents obtained from Hartford's private files that Hatch had actually written the Clarke article in order to obtain a favorable consideration of the Peiler claims in the Patent Office (No. 398, R. 8); that Hatch had been active in suppressing evidence of the fraud during Hazel's investigation; and that Hatch on behalf of Hartford had paid Clarke $8,000 soon after Hazel's investigation started (No. 398, R. 39). Hazel and Shawkee promptly moved (October and November 1941) to present this proof to the circuit court of appeals, submitting their respective petitions for leave to file bills of review in the district court in respect of the final decrees (Shawkee No. 423, R. 69; Hazel No. 398, R. 5). The circuit court of

appeals held that since the petitions relied solely upon the fraud allegedly practiced upon that court, they set forth nothing appropriate for the district court's inquiry, and denied leave to file the bills below. Thereupon, pursuant to leave of the circuit court of appeals, petitioners amended the prayers of their petitions so as to seek relief from that court on account of the fraud. (No. 398, R. 147, 149; No. 423, R. 53, 54.) The court below then handed down the decision here complained of, dismissing the petitions to vacate the prior orders (No. 398, R. 240; No. 423, R. 79).

The majority of the court held (1) that the fraudulent Clarke article "does not qualify as after-discovered evidence" in either case because Hazel's counsel was "aware" of the true authorship of the article as early as 1929, and because counsel for Shawkee had unsuccessfully brought evidence of the fraud to the court's attention in 1933 (No. 398, R. 221, 223); (2) that the court in deciding both the *Hazel* and *Shawkee* cases, had done so from "the proofs," so that the fraudulent authorship was not "so basic" or "material" to the court's decision as to warrant setting aside its orders (No. 398, R. 224); and (3) that the court in any event has no power to recall and set aside its mandates to the district court after the expiration of the terms within which they were dispatched (No. 398, R. 225). The court observed that its decision did not foreclose all relief, for if

petitioners felt themselves "aggrieved by reason of the fraud attaching to the procurement of the Peiler patent" they could "file original bills to impeach the decrees now standing against them in the district court" (No. 398, R. 226), and the court also observed that the United States could bring a direct action to annul a patent that has been fraudulently obtained (No. 398, R. 227). Judge Biggs' dissent took issue with the majority opinion on all three grounds.

ARGUMENT

We believe that the court below erred in holding that, in case of fraud, it had no power to set aside its mandates after the end of the term in which they were issued; in holding that the fraud was not material to the circuit court's decision in the *Hazel* and *Shawkee* cases; and in holding that the proof concerning the fraudulent authorship of the Clarke article, divulged by the antitrust proceedings, did not constitute after-discovered evidence justifying reopening the decrees. We shall argue these points briefly. However, the principle error that we urge, and the point which we regard as of public importance—not merely in this case, but generally—is that fraud practiced upon the United States Patent Office as a means of obtaining a patent, or upon a court of equity as a means of securing its enforcement, warrants denial or termination of equitable relief

whenever that fraud is brought to the court's attention, whether or not there was laches on the part of the defendant in discovering or making known the fraud, and whether or not the fraud was "basic" or "material" to the earlier decision. We submit that the public interest in preventing the abuse or illegal extension of a patent monopoly is so great that fraud practiced by a patent-owner upon the Patent Office or the courts, as a means of imposing upon others the powerful restrictions offered by Congress as an incentive to invention, requires the denial of equitable assistance. For we feel that one who utilizes such means has not only appeared in courts with tainted hands, but has abused the rights granted him by Congress as fully as did the plaintiff in *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488. And we submit that the decided public interest which inheres in this case should override the concepts of materiality and laches, just as the similar public interest was held by this Court to outweigh the defenses of estoppel (*Sola Electric Co.* v. *Jefferson Electric Co.*, 317 U. S. 173) and *res judicata* (*Mercoid Corp.* v. *Mid-Continent Investment Co.*, Nos. 54–55, this Term, decided January 3, 1944). This is particularly true here, since the patent-owner who practiced the fraud upon the Patent Office and the court has had quiet enjoyment of its valuable right for over a decade, despite its unconscionable conduct.

I

A JUDGMENT ENFORCING A PATENT OBTAINED THROUGH FRAUD MAY BE SET ASIDE AFTER THE EXPIRATION OF THE TERM IN WHICH SUCH JUDGMENT IS ENTERED

The refusal of the court below to recall its mandate in the earlier patent litigation between the instant parties was in part based on the holding that since "the terms at which the final orders on the appeals were entered expired long prior to the filing of the instant petition without action having been taken to extend this court's grasp, * * * there is nothing from which the jurisdiction of this court can be deemed to have been continued." (No. 423, R. 88.)

Petitioners argue that this holding of the court below was erroneous, since the fraud here involved was "extrinsic" rather than "intrinsic," as defined in *United States* v. *Throckmorton*, 98 U. S. 61, and hence that the court could properly recall its mandate.[2] However, we feel that the technical niceties of the distinction between intrinsic and

[2] As petitioners suggest, the decisions of this Court apparently conflict among themselves as to whether the use of perjured testimony or fraudulent documents to influence the court's decision constitutes "intrinsic" or "extrinsic" fraud (*United States* v. *Throckmorton*, 98 U. S. 61; *Marshall* v. *Holmes*, 141 U. S. 589; cf. *Graver* v. *Faurot*, 162 U. S. 435), and the lower federal courts have felt free to follow either rule. Compare *Publicker* v. *Shallcross*, 106 F. (2d) 949, 950–952 (C. C. A. 3), with *Raymond* v. *Wickersham*, 129 F. (2d) 522, 525–527 (C. C. P. A.).

extrinsic fraud are here immaterial, because important reasons of policy justify, if they do not require the reopening of the decrees.

The distinction between intrinsic and extrinsic fraud was evolved in order to strike a compromise between the policy behind the term-end rule (to put a determinable end to litigation) and the desire not to permit the use of judicial process to enforce an unconscionable judgment. Although the term-end rule is customarily described as a lack of power or jurisdiction of the court over its mandate after the expiration of the term in which it was entered (*Bronson* v. *Schulten,* 104 U. S. 410; *United States* v. *Mayer,* 235 U. S. 55, 66; *Nachod* v. *Engineering & Research Corp.*, 108 F. (2d) 594 (C. C. A. 2)), it seems clear that the rule is merely a convenient rationalization of the general disinclination to disturb decided cases, based upon reasons of policy similar to those underlying the doctrine of *res judicata.* Both are rules of judicial self-restraint, the result of a desire to put a quietus to litigation. *United States* v. *Throckmorton,* 98 U. S. 61; *Publicker* v. *Shallcross,* 106 F. (2d) 949, 950 (C. C. A. 3). That the expiration of the term does not deprive the court of power to effect its judgments, but merely marks a point beyond which it will customarily refuse to exercise such power, is demonstrated by the numerous exceptions to the rigid application of the term-end rule (*United States* v. *Mayer,* 235 U. S. 55, 66, 67; *Gilmore* v. *United States,* 131 F. (2d)

873, 875 (C. C. A. 8)), and by the fact that its application to the district courts has been abolished by Rule 6 (e) of the Federal Rules of Civil Procedure. (*Sprague* v. *Ticonic Bank*, 307 U. S. 161, 169). Thus, in certain situations the rule has been forced to yield to the superior conflicting consideration that the courts should not permit their judgment to be used in aid of a fraudulent scheme. Cf. *Marshall* v. *Holmes*, 141 U. S. 589; *Winslow* v. *Staab*, 242 Fed. 426 (C. C. A. 2); *In re New England Oil-Refining Co.*, 9 F. (2d) 344 (C. C. A. 1); *United States ex rel. Fisher* v. *Williams*, 67 Fed. 384 (C. C. A. 8).

In addition to the usual considerations warranting the setting aside, out of term, of judgments obtained by fraud, the public interest in preventing misuse of a patent in an important industry, and in preventing the enforcement of a patent through fraudulent means, should, we submit, render the term-end rule inapplicable in the instant case, just as in similar circumstances the doctrines of *res judicata* and estoppel become inoperative when important public interests are at stake. *Mercoid Corp.* v. *Mid-Continent Investment Co.*, Nos. 54–55, this Term, decided January 3, 1944; *Sola Electric Co.* v. *Jefferson Electric Co.*, 317 U. S. 173.

The *Mercoid* case involved a suit for an injunction against patent infringement, wherein the defendants asserted, as a defense, that plaintiff had misused the patent monopoly contrary to

protection of the patent laws and in violation of the antitrust laws. Plaintiffs claimed that since defendant could have litigated these issues in an earlier case in which it had taken over the defense, but failed to assert those defenses, the doctrine of *res judicata* foreclosed defendant in the present proceeding. This Court, held, however, that even if *res judicata* could under similar circumstances be invoked in private litigation, that rule was there inapplicable because such a defense would be contrary to public policy. The Court stated (slip sheet p. 7):

> [The granting of the injunction] would aid in the consummation of a conspiracy to expand a patent beyond its legitimate scope. But patentees and licensees cannot secure aid from the court to bring such an event to pass, "unless it is in accordance with policy to grant that help." *Beasley* v. *Texas & Pacific Ry. Co.*, 191 U. S. 492, 497. And the determination of that policy is not "at the mercy" of the parties (*id.*, p. 498) nor dependent on the usual rules governing the settlement of private litigation. "Courts of equity may, and frequently do, go much farther both to give and withhold relief in furtherance of the public interest than they are accustomed to go when only private interests are involved." *Virginian Ry. Co.* v. *System Federation No. 40*, 300 U. S. 515, 552.

Likewise in the *Sola Electric* case, this Court held that a licensee was not estopped to deny the

validity of his licensor's patent, where the license agreement contained price-fixing features which but for a valid patent would violate the antitrust laws.

Those cases are apposite here, for the same considerations of public interest which caused this Court to disregard the doctrine of *res judicata* (in the *Mercoid* case) and estoppel (in the *Sola Electric* case) are present here and render improper the lower court's application of the term-end rule. Here, respondent, by means of its fraud on the court, secured to itself, to the exclusion of petitioners and the public generally, the exclusive right to use and exploit the Peiler patent as broadly construed. Since the public interest is vitally concerned in the proper construction and use of a patent, the failure of petitioners seasonably to call the court's attention to the fraudulent document on which the latter based its opinion should not prejudice that important public interest and foreclose the courts from reopening the proceeding upon application by a party in interest.

II

PETITIONERS' LACHES IN BRINGING THE FRAUD TO THE ATTENTION OF THE LOWER COURT DOES NOT BAR THE PRESENT PROCEEDING

The majority of the court below further held that petitioners had not used reasonable diligence in calling the court's attention to the fraud per-

petrated on it and therefore that their bills to impeach the earlier decrees were barred by laches. (No. 398, R. 221).

Although for reasons set forth in the dissenting opinion (No. 398, R. 227), we feel that the lower court's finding that petitioners had delayed unduly in bringing the fraud to its attention was incorrect,[3] the doctrines of the *Mercoid* and *Sola Electric* cases are also applicable here and justify, if they do not require, refusal by a court to apply the rules concerning laches which are applicable in purely private litigation. Just as the public interest in the proper use of the patent privilege is deemed to outweigh the policies underlying the doctrines of *res judicata* (*Mercoid* case), estoppel (*Sola Electric* case) and, as we have argued, the term-end rule (*supra*, pp. 10–15), so we suggest that the equally vital public interest in preventing fraud from being practiced upon the Patent Office and the courts to obtain or enforce a valuable patent monopoly, in which the public generally is vitally interested, outweighs the policy of re-

[3] The facts here relevant are set out in full at pp. 5–7, supra. As there indicated, the facts on which the present bills are based consist of documents from Hartford's private files which show the purpose and method of the fraud. It is very improbable that the petitioners here could have obtained that evidence at any time previous to the antitrust suits in 1941. Moreover, the evidence brought out in the antitrust suits makes clear that Hartford had effectively blocked the one course which might have been open to prove the fraud; i. e., obtaining Clarke's admission that he had not written the article.

quiring a private litigant to exercise diligence in discovering and disclosing of such fraud. This appears particularly true where, as here, the patent owner who practiced the fraud upon the Patent Office and the court, has had quiet enjoyment of its valuable patent right for over a decade, despite its unconscionable conduct.

III

THE CLARKE ARTICLE WAS MATERIAL TO THE DECISION OF THE COURT

The majority of the court below held that the Clarke article was not so material or basic to its decisions of 1932 upholding the Peiler patent that a showing of fraud in its authorship would justify setting those decisions aside (No. 423, R. 86–88). This conclusion was based on the belief that "wholly apart from the Clarke article," the earlier court had drawn its own conclusions "upon turning to the proofs" (No. 423, R. 87). We submit that the analysis made in the dissenting opinion of Judge Biggs is preferable to that of the majority. We shall confine ourselves to a brief discussion of this point, since we believe it irrelevant whether the fraudulent authorship was "material" or "basic" to the decision of the circuit court, once it is found that there was a deliberate presentation and use of a fraudulent document to induce the issuance and enforcement of a patent. (See Point IV, *infra*, p. 21.)

As Judge Biggs pointed out, the "numerous and extensive quotations from the Clarke article" contained in Judge Buffington's opinion holding the Peiler patent valid and infringed indicate the importance of the article to his decision (No. 423, R. 95). These quotations, and their discussion by Judge Buffington, make it clear that the putative source of the article—characterized by the court as "a practical glass blower official," the "president of the Glass Blowers' Union," representing "labor organizations of practical workmen," who were "vitally interested in the supplanting of hand blowing by mechanical blowers" (59 F. (2d) 399 at 401, 403, 404)—played an important part in the court's conclusion that the Peiler device was novel, important and basic and hence entitled to the broad construction necessary for the findings of validity and infringement. (See, for instance, 59 F. (2d) 399, at 401, 403, 404, 407.) Indeed, Judge Buffington left no room for any doubt as to his reliance on the article (p. 401):

> As we have indicated, the labor organizations were vitally interested in the supplanting of hand blowing by mechanical blowers, and we naturally look to the proceedings of their several organizations to find what machine blowers were of practical working capacity and ones which they regarded as supplanting lung blowing. We can therefore, and do, rely on their opinion in that regard, for successful machine blow-

> ers largely spelled ending of the supremacy of lung blowing.

And after quoting at length from the Clarke article, Judge Buffington stated (p. 404):

> * * * in these few words this practical glass blower official summarized the novel characteristics of the machine which is the subject-matter of this suit. And be it observed, he notes the exact differences between Owens and this new machine.

The importance of the article to the circuit court's decision is emphasized by the fact that the district court, before which the Clarke article was not referred to, determined after a consideration of at least twelve prior art patents that "the prior art seems to stand firmly in opposition to this claim" (39 F. (2d) 114). The Clarke article, however, mentioned only the Owens and Brooke patents as prior art, and ignored the other patents and uses referred to in the district court opinion (39 F. (2d) 111). Judge Buffington likewise considered only those two patents as prior art (59 F. (2d) 406):

> In the practical work of that part of the glass-blowing art here involved, we regard Owens and Brooke as the only devices which caused any concern to the Glass Blowers' Union. * * * Accordingly, we take these Owens and Brooke devices as constituting the advance of the art in the machine glass blowing of bottles.
>
> * * * * *

(P. 412) In point of fact, the independent operators who were threatened with annihilation by the Owens device, found nothing in this swarm of alleged patent anticipations to relieve them, and the labor conventions asserted, as they did, that none of these alleged prior devices had any effect. We may safely assume these futile devices did not enter into the situation then and should not now, because their worth and alleged pertinence is based on fiction without support of fact.

* * * * *

(P. 413) And where an art, eager for relief, found in these moribund patents nothing to meet that suggested solution, it is safer to rely evidentially on the then judgment, attitude, and conduct of the glass trade rather than on the post litem testimony of experts, the contentions of infringers, and the theoretical construction that often tempts courts to create out of lifeless patents an imaginary machine on paper which a working art could not do in steel.

On the other hand, Judge Woolley, who did not refer to the Clarke article at all, sharply dissented from the majority opinion on the ground of lack of invention (59 F. (2d) 413):

I do not find the bottle glass art so barren of invention as the court indicates in its opinion. Between the time of manblowing methods and the patent in suit there were at least fifteen patents covering a glass bath in which a reciprocating

> plunger operated to accelerate and retard the flow of molten glass through an orifice and, in some cases, to form a gob suspending from the orifice, then to be cut off and transferred to a bottle mold. These elements constitute the main structure of the apparatus of the patent and embody its primary function. In adopting and combining them Peiler, so far, did nothing even remotely inventive. He simply took them and used them as he had found them.

We accordingly believe, with Judge Biggs, that Judge Buffington's decision shows on its face that considerable importance was attributed to the Clarke article, and that this was based in large part on his supposition that it emanated from a labor leader who would normally be antagonistic toward advances in glass-blowing machinery.

IV

FRAUD DELIBERATELY PRACTICED ON THE PATENT OFFICE TO OBTAIN, OR ON A COURT TO ENFORCE, A PATENT REQUIRES A REFUSAL OF FURTHER EQUITABLE RELIEF TO A PATENTEE, REGARDLESS OF WHETHER THE FRAUD WAS BASIC OR MATERIAL AND OF WHEN THE FRAUD IS BROUGHT TO LIGHT

A. FRAUD ON THE COURT

The court below, in 1932, ordered that a permanent injunction issue in favor of Hartford, to restrain infringement of the Peiler patent. Such a decree is presumably still in effect. The court was informed in 1941 that a fraud had

been practiced by Hartford upon the Patent Office and the court itself, in misrepresenting the true origin of the "Clarke article" for the purpose of inducing favorable consideration of the patent claims. The court had nothing but condemnation for the "sordid * * * story concerning the genesis of the Clarke article and the deceptive design and use of its spurious authorship" (No. 423, R. 82). However, the court refused to reconsider its earlier decision, or to terminate the *continuing injunction*, on the ground, *inter alia*, that the article was not sufficiently basic or material to its earlier decision (No. 423, R. 86–88). We suggest that this misconceives the true criterion. For it is not a question of whether Hartford would have prevailed in the Patent Office and in the court even without the Clarke article; it is whether the deliberate fraud did not constitute such unclean hands as to bar Hartford from access to equitable relief, and to warrant termination of the existing contining equitable relief, whenever the fraud is presented to the courts, even though the fraud may not have influenced the prior decision.

This Court has indicated that fraud, whether or not material, bars equitable relief in circumstances similar to those here presented. In *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240, the plaintiff in an infringement suit had sup-

pressed evidence of prior use by bribing one Clutter to keep secret the facts concerning his prior use. The district court characterized these actions as fraudulent and reprehensible, but nevertheless granted relief to plaintiff on the ground that the suppression had been disclosed at the trial. On the appeal plaintiff urged that its misconduct should not bar its cause of action because it related to an immaterial matter. The circuit court of appeals rejected this contention, holding that "If the conduct was reprehensible, it matters not that it was really unnecessary" (62 F. (2d) 48, 50, reversing and remanding with instructions to dismiss the complaint). This Court granted certiorari and affirmed the circuit court. Recognizing that the materiality of the suppressed prior use was not important, the opinion of this Court stated (290 U. S. 240, at 246):

> Had the corruption of Clutter been disclosed at the trial of the *Byers* case, the court undoubtedly would have been warranted in holding it sufficient to require dismissal of the cause of action * * *.

This result is merely a logical application of the familiar doctrine of "unclean hands," which denies relief in equity not only where unconscionable conduct of the applicant has been instrumental or successful in achieving its ends, but whenever he has been guilty of unconscionable conduct in a matter relating to the subject matter

of the suit. Pomeroy, *Equity Jurisprudence* (5th ed.) § 404. The deliberate attempt of Hartford to deceive the court is undeniably such unconscionable conduct as requires the application of the "unclean hands" doctrine, whether or not the fraud influenced or compelled the court's earlier decision.

In the instant case, the injunction enforcing the patent is still in effect. Although a court cannot undo the injury to the public which already has resulted from the improperly obtained judgment, it can, and should, terminate the injunction now, and thus prevent the respondent from continuing to benefit from its unconscionable conduct. The concealment of the fraud past the date of the original injunction certainly should not aid respondent, or justify a refusal to terminate the protection granted by equity after the misconduct has been disclosed.

B. FRAUD IN THE PATENT OFFICE

The Clarke article was written by Hatch, in behalf of Hartford, in order to induce the Patent Office to issue a patent upon an application which had already been rejected on the ground that its claims were unpatentable. The court's attention was apparently first called to that fact in 1933, by Shawkee, but reliance was placed upon the fraud on the court rather than the Patent Office. And in the petitions filed by both Hartford and Shawkee in the court below in 1941, sole reliance

was upon the fraud practiced upon the court (No. 423, R. 80). However, the fraud on the Patent Office was plain to the court below, and it accordingly suggested (No. 423, R. 89):

> If either Hazel-Atlas or Shawkee feels itself aggrieved by reason of fraud attaching to the procurement of the Peiler patent, the course is open to them to file original bills to impeach the decrees, now standing against them in the District Court, on the ground of the alleged fraud in the issuance of the patent whereof the decrees are predicated. *Dowagiac Mfg. Co.* v. *McSherry Mfg. Co.*, 155 Fed. 524, 527–528; Cyclopedia of Federal Procedure, Vol. 4, § 1159, pp. 342–345.

We suggest that the fraud practiced upon the Patent Office would justify denial of equitable relief whenever such fraud became apparent, whether at the trial in the district court or on the appeal in the circuit court. We predicate this view upon the doctrine of "unclean hands" and upon the public interest in the proper use of patents.

This Court has recently reemphasized this public interest. "The grant of a patent is the grant of a special privilege 'to promote the Progress of Science and useful Arts.' Const., Art. I, § 8." And since "it is the public interest which is dominant in the patent system," the patent privilege is "a privilege which is conditioned by a public

purpose." *Mercoid Corp.* v. *Mid-Continent Investment Co.*, Nos. 54–55, this Term, decided January 3, 1944 (slipsheet pp. 3–4).

The fraud practiced on the Patent Office did not cease to be effective upon the issuance of the patent; the patent when granted represented a valuable privilege obtained through unconscionable means, and we believe that the manner of obtaining it is adequate reason for denying the aid of equity to enforce it whenever such aid is sought. For it is a familiar principle that a court of equity will refuse to lend its aid in any manner to one guilty of inequitable conduct in the matter concerning which he seeks relief. *Bein* v. *Heath*, 6 How. 228; *Deweese* v. *Reinhard*, 165 U. S. 386; *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240; Story's *Equity Jurisprudence* (14th ed.) § 98. That the Patent Office might have issued the patent regardless of fraud is not important, for equity when refusing to help one guilty of unconscionable conduct does not stop to inquire whether his claim is valid. Pomeroy, *Equity Jurisprudence* (5th ed.) § 397. And where a public interest is involved, courts of equity will go much farther to give or withhold relief than when only private interests are concerned. *United States* v. *Morgan*, 307 U. S. 183; *Securities & Exchange Comm'n* v. *U. S. Realty Co.*, 310 U. S. 434; *Virginian Ry Co.* v. *System Federation*, 300 U. S. 515; *Penn-*

sylvania v. *Williams*, 294 U. S. 176; *Central Ky. Gas Co.* v. *R. R. Comm'n*, 290 U. S. 264.

Indeed, the fraudulent conduct of Hartford in obtaining its patent is not much different from the misuse of an issued patent which has led this Court to refuse relief against an infringer. *Morton Salt Co.* v. *Suppiger*, 314 U. S. 488; *Mercoid Corp.* v. *Mid-Continent Investment Co., supra; Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458; *Motion Picture Co.* v. *Universal Film Co.*, 243 U. S. 502. And it is no answer that Hartford and Shawkee, who here seek to be relieved of the permanent injunction outstanding against them, were not parties to the proceedings in which fraud was practiced on the Patent Office. In *Morton Salt Co.* v. *Suppiger, supra*, this Court determined that the use of a patent to restrain competition in the sale of unpatented articles was such an extension and misuse of the patent monopoly as to disqualify the patentee from claiming equitable relief against an infringer of the patent, nothwithstanding that there was no indication that such misuse of the patent actually affected or prejudiced the defendant. The Court denied relief because, in the words of Chief Justice Stone (p. 493), "where the patent is used as a means of restraining competition with the patentee's sale of an unpatented product, the successful prosecution of

an infringement suit even against one who is not a competitor in such sale is a powerful aid to the maintenance of the attempted monopoly of the unpatented article, and is thus a contributing factor in thwarting the public policy underlying the grant of the patent."

The same reasoning would support the denial of relief on account of fraud in the Patent Office. To issue an injunction against the infringer in the *Morton Salt* situation would leave the patentee with the benefits of a monopoly strengthened by a favorable decision as to validity; with the fruits of the past misuse of his patent; and subject to no redress for the misuse other than the possibility of a revolt at a later date against the continuation of the improper practice. Here the refusal of the court below to discontinue its equitable relief leaves the patent owner with the fruits of ten years of enjoyment of a patent obtained by fraud; with a continuing decree in equity against its infringement; and with no possibility of relief except by direct proceedings to annul the decrees, in the face of a circuit court decision virtually inviting an unfavorable decision because of laches.

We believe that the instant situation even more strongly requires denial of equitable relief than does the *Morton Salt* situation. A patent owner who obtains the patent privilege from the Government by fraud upon the Patent Office is

in a weaker position to assert his monopoly than one whose grant has been properly obtained but who subsequently misuses his privilege, for the abuse in the former case occurs *in limine*. And if a court of equity must deny its aid to a patent owner who has abused a valid patent by seeking to extend the patent monopoly beyond the limits of his grant—as this Court held in the *Morton Salt* and *Mercoid* cases—it must surely deny relief where the abuse consists of fraudulent conduct in inducing the Patent Office to issue the patent. The person who knowingly utilizes fraudulent matter in an attempt to influence the Patent Office to issue him a patent comes into a court of equity with hands fully as unclean as the patent owner who has sought to extend his grant beyond its legitimate boundaries. This is especially so where, as is true here, the circumstances indicate that the fraud was a major factor in securing the patent. The Peiler application had been before the Patent Office for approximately nine years and had been rejected at the time of publication of the Clarke article (No. 423, R. 50). A short time after the article had been called to the attention of the Patent Office, with special reference to the Peiler application, that ruling was reversed and the patent granted.

This case arises out of the effort of Hazel and Shawkee to rid themselves of the burdens of a decree obtained against them by fraud, rather

than the attempt of a patentee to enforce his patent monopoly against infringers. We do not believe this distinction should defeat the application of sound rules of equity. The need for a quietus to litigation is surely less compelling than the public interest in preventing deception of a Government agency in order to obtain so important a privilege as a patent. Indeed, in the instant case, the quietus argument is weakened by the fact that petitioners seek to be relieved from a continuing and effective restraint, not to reopen a closed chapter of litigation. Nor do the years intervening between the suspicion of the fraud and its definite establishment warrant the denial of relief; on the contrary, the lapse of time makes more imperative the intervention of the Court in the instant case. For ten years Hartford has been enjoying the fruits of an injunction which the trial court "would have been warranted" in denying, had the fraud been known at the time of the trial. *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240. The successful prosecution of the infringement suit unquestionably resulted in the withdrawal of opposition to Hartford's claims by many other concerns. The decree rendered against Hazel enabled Hartford to prevent a later consideration of its patent claims by the courts. *Shawkee Mfg. Co.* v. *Hartford-Empire Co.*, 68 F. (2d) 726 (C. C. A. 3). And Hartford further employed that favorable

decision to secure additional patents in the glass-making field. Cf. *Hartford-Empire Co.* v. *Coe*, 87 F. (2d) 741 (App. D. C.).

The principle that the Court is urged to apply in the instant case should be clearly differentiated from the proposition sometimes enunciated [4] that a defendant in an infringement suit may not attack the validity of a patent on the ground of fraud. We recognize that the Government alone may maintain an action for the cancellation of a patent.[5] The Court is not here asked to declare or hold the patent invalid; the Court is asked merely to recognize that fraud practiced by a patent owner in obtaining or enforcing his patent requires a court of equity to refuse to enforce any right that might have arisen under the patent.

CONCLUSION

Unless redress is granted for the fraud perpetrated on the Patent Office and the court below, a judicial *imprimatur* will for all practical purposes have been placed upon a scheme to abuse the pat-

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[4] See *Railroad Company* v. *Dubois*, 12 Wall. 47, 64; *Vortex Mfg. Co.* v. *Ply-Rite Contracting Co.*, 33 F. (2d) 302 (D. Md.).

[5] While such suits have been infrequent, the Government can, and does in proper cases, bring such an action. See *United States* v. *Cold Metal Process Co. and Abram P. Steckel*, Civil Suit No. 21,910, now pending in the District Court of the United States for the Northern District of Ohio, Eastern Division.

ent privilege which is at least as flagrant and as prejudicial to the public interest as an attempt to extend the patent monopoly to unpatented material.

We believe that this Court should reverse the decision of the circuit court of appeals and direct that its mandates be vacated, to the end that the restraining decrees now outstanding be set aside.

Respectfully submitted.

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FEBRUARY 1944.